STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	
a Wisconsin corporation and wholly-owned subsidiary)	Case No. U-18334
of Xcel Energy Inc., for authority to reconcile its)	
2016 electric and gas energy optimization costs and)	
revenues, and for related approvals.	

At the September 28, 2017 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman Hon. Norman J. Saari, Commissioner Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING AMENDED SETTLEMENT AGREEMENT

On March 29, 2017, Northern States Power Company (NSP-W) filed an application, with supporting testimony and exhibits, seeking approval of its electric and gas energy optimization (EO) annual report and reconciliation of EO costs and revenues, pursuant to 2008 PA 295, for the 12-month period ended December 31, 2016.

A prehearing conference was held on June 13, 2017, before Administrative Law Judge Mark D. Eyster. NSP-W and the Commission Staff participated in the proceedings. On July 6, 2017, NSP-W filed revised testimony and exhibits. Subsequently, the parties submitted a settlement agreement resolving all issues in the case. On August 23, 2017, the Commission issued an order approving the settlement agreement and attached tariff sheets. After the settlement was approved, NSP-W noted an error in a tariff sheet attached to the settlement agreement.

Accordingly, on September 15, 2017, the parties filed an amended settlement agreement with a corrected tariff sheet.

The Commission has reviewed the settlement agreement and finds that it is reasonable, in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The amended settlement agreement, attached as Exhibit A, is approved and supersedes the settlement agreement and tariff sheets approved by the August 23, 2017 order issued in this case.

B. The revised surcharges set forth in Attachment 1 to the amended settlement agreement are approved for bills rendered on and after October 1, 2017, and these surcharges supersede those that were approved by the August 23, 2017 order issued in this case.

C. Within 30 days of this order, Northern States Power Company shall file with the Commission tariff sheets substantially similar to those contained in Attachment 1 to the amended settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

	MICHIGAN PUBLIC SERVICE COMMISSION
	Sally A. Talberg, Chairman
	Norman J. Saari, Commissioner
	Rachael A. Eubanks, Commissioner
its action of September 28, 2017.	
vita Kale, Executive Secretary	

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	Case No. U-18334
a Wisconsin corporation and wholly owned subsidiary of Xcel)	
Energy Inc., for authority to reconcile its 2016 electric and gas)	
energy optimization costs and revenues, and for related approvals.)	

AMENDED SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, 2015 AC, R 792.10431, Northern States Power Company, a Wisconsin corporation, ("NSP-W" or the "Company") and the Michigan Public Service Commission Staff ("Staff"), hereby agree as follows:

- 1. On March 29, 2017, NSP-W filed with the Michigan Public Service Commission ("Commission") its Application, along with the testimony and exhibits of its witness Lori J. Drilling, seeking approval of its electric and gas Energy Optimization ("EO") annual report and reconciliation of costs and revenues pursuant to 2008 PA 295 for the 12 month period ended December 31, 2016.
- 2. On May 12, 2017, the Commission's Executive Secretary issued a Notice of Hearing directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan service area and to intervenors in Case No. U-18020. The Commission further directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan service area. Complying with the

directives, NSP-W filed with the Commission the requisite affidavit of mailing and proof of publication on May 23, 2017.

- 3. On June 13, 2017, Administrative Law Judge ("ALJ") Mark Eyster presided over a prehearing conference in this matter. Staff entered its appearance. There were no intervenors.
 - 4. On July 6, 2017, NSP-W filed revised testimony and exhibits.
- 5. On July 25, 2017, Staff and NSP-W entered into a settlement agreement and filed same with the Commission. On August 23, 2017, the Commission issued its order approving the settlement agreement. Subsequent to the August 23, 2017 order, the parties noted an error in the tariff sheet reflective of the new Energy Waste Reduction ("EWR") surcharges attached to the settlement agreement.
- 6. As a result of discovering the error, the parties seek to amend the settlement agreement and agree as follows:
 - a. The 2016 payment of \$455,700, to the Independent Energy Optimization Program Administrator for electric and gas satisfy the payment requirements set forth in MCL 460.1091(1).
 - b. The proposed reconciliation of 2016 EO revenues and payments should be approved and results in a net under-recovery of \$4,309, through December 31, 2016, with respect to gas service and electric service. The total net under-recovery for both gas and electric for the 2016 reconciliation period of \$4,309 is inclusive of the 2016 over-recovery of \$48,440 and interest through December 2016, should be reflected as the beginning balance for NSP-W's 2017 EWR costs and reconciliation.

- c. The proposed revised surcharges incorporated into the tariff sheets attached hereto as Attachment 1 should be approved for bills rendered on and after October 1, 2017.
- 7. All of the signatories are of the opinion that this amended settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.
- 8. This amended settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this amended settlement agreement without modification. If the Commission does not accept the amended settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.
- 9. This amended settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This amended settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this amended settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this amended settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference may be made to enforce or implement the provisions thereof in subsequent EWR proceedings.

10. The parties waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding, if the Commission approves this amended settlement agreement without modification.

NORTHERN STATES POWER COMPANY,

a Wisconsin Corporation

Sherri A. Wellman Digitally signed by: Sherri A. Wellman DN: CN = Sherri A. Wellman C = AD O

= MillerCanfield

Date: 2017.09.13 09:38:30 -05'00'

Dated: September 13, 2017

Its Attorney Sherri A. Wellman (P38989)

MILLER, CANFIELD, PADDOCK and STONE, P.L.C.

One Michigan Avenue, Suite 900

Lansing, Michigan 48933

(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Michael & Donne

By:

By:_

Dated: September 13, 2017

Its Attorney

Michael J. Orris (P51232) Assistant Attorney General

Public Service Division

7109 W. Saginaw Hwy., 3rd Floor

Lansing MI 48917 (517) 284-8140

29825466.2\130017-00091

M. P. S. C. No. 2 - Electric

NORTHERN STATES POWER COMPANY,

Cancels

7th Revised

Sheet No. D-3.1 Sheet No. D-3.1

a Wisconsin corporation

6th Revised

(To implement 2016-2017 EWROP surcharge factors approved in Case U-1802018334)

ENERGY OPTIMIZATION PROGRAM-CLAUSEWASTE REDUCTION-ENERGY-OPTIMIZATION SURCHARGES

- A) The Energy Optimization Program Waste Reduction Clause permits, pursuant to Section 91(43) of 200816 PA 295342, the adjustment of distribution rates, via the application of an Energy Optimization Waste Reduction Surcharge, to allow recovery of the energy optimization waste reduction alternative compliance payment made by the Company in compliance with Section 91(1) of 200816 PA 295342.
- B) An annual Energy Optimization Program Waste Reduction reconciliation shall be conducted.
- C) The approved Energy Optimization Waste Reduction Sourcharges are shown below.

Rate Schedule	Energy Optimization Surcharge
Residential Service MR-1	\$ 0. 0022 _ <u>0017</u> /kWh
Residential Time-of-Day Service MR-2	\$ 0. 0022 — <u>0017</u> /kWh
Automatic Outdoor Lighting Service MOL-1	\$ 0.00 / lamp
Small Commercial Service MSC-1	\$ 0.57 <u>1.10</u> / meter
Small General Time-of-Day Service MST-1	\$ 0.57 <u>1.10</u> / meter
Commercial Industrial General Service MCI-1	\$ 38.40 <u>37.24</u> / meter
Large Industrial Service MI-1	\$ 220.65259.02 / meter
Peak Controlled Time-of-Day Service MPC-1	
Secondary	\$ 220.65259.02 / meter
Primary	\$ 220.65259.02 / meter
Transmission Transformed	\$ 2,070.87 2,022.50 / meter
Transmission Untransformed	\$ 220.65259.02 / meter
Peak Controlled General Service MPC-2	\$ <u>38.4037.24</u> / meter
Street Lighting MSL-1	\$ 0.00 / lamp
Non-metered LED lighting MSL-2	\$ 0.00 / lamp
Optional Off-Peak Service MOP-1	\$ 0. 0022 — <u>0017</u> _/ kWh
Municipal Pumping Service MPA-1	\$ 0.57 <u>1.10</u> / meter

Issued
M.E. Stoering
President & CEO
Eau Claire, Wisconsin

Effective: for bills rendered on or after September 1, 2016 October 1, 2017
Issued Under Authority of the Michigan Public Service Commission Dated August 23, 2016
In Case No. U-1802018334

7th Revised 6th Revised Cancels

Sheet No. D-12.0

a Wisconsin corporation

Sheet No. D-12.0

(To implement 2016-2017 EWROP surcharge factors approved in Case U-1802018334)

SECTION D ENERGY WASTE REDUCTION OPTIMIZATION PROGRAM CLAUSE **ENERGY OPTIMIZATION SURCHARGES**

- The Energy Waste Reduction Optimization Program Clause permits, pursuant to Section 91(43) A) of 200816 PA 295342, the adjustment of distribution rates, via the application of an Energy Waste Reduction Optimization Surcharge, to allow recovery of the energy optimization waste reduction alternative compliance payment made by the Company in compliance with Section 91(1) of 200816 PA 295342.
- An annual Energy Optimization Program Waste Reduction reconciliation shall be conducted. B)
- The approved Energy Optimization SWaste Reduction (EWR) surcharges are shown below. (C)

Rate Schedule	E <u>WR</u> nergy Optimization Surcharge
Residential Service - 301	\$ 0.0210.0267 / therm
Commercial and Industrial General Service - 302	\$ 5.655.83 / meter
Commercial and Industrial General Service - 304	\$ 200.83 <u>171.16</u> / meter
Commercial and Industrial Interruptible Use - 303	\$ 00.00 / meter
Commercial and Industrial Transportation Service	\$ 5.655.83 / meter

Issued 20162017 M.E. Stoering President

Eau Claire, Wisconsin

Effective: September-October 1,

Issued Under Authority of the Michigan Public Service Commission Dated